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C O N F I D E N T I A L SECTION 01 OF 03 BRASILIA 000477

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SUBJECT: BRAZIL: IRANIAN FOREIGN MINISTER'S VISIT A PREVIEW
TO AHMADINEJAD VISIT

REF: A. 09 BRASILIA 00387

1B. 07 BRASILIA 001889

Classified By: DEPUTY CHIEF OF MISSION LISA KUBISKE, REASONS 1.4 B, D

11. (C) Summary: Iranian Foreign Minister Mottaki's visit to Brasilia on March 26, reciprocating Foreign Minister Amorim's November 2008 visit to Tehran, served as a preview to a planned visit to Brasilia by Iranian president Ahmadinejad that the media is reporting will happen May 5-6. During his visit, Mottaki met with President Lula, Foreign Minister Amorim, and Mines and Energy Minister Lobao (ref a). According to Foreign Ministry (Itamaraty) contacts, Mottaki primarily discussed the two countries' growing bilateral relationship; Mottaki also heard from the Brazilians that it had lost credibility on the international stage due to its nuclear program. Brazilian officials also urged Mottaki to respond positively to President Obama's Norwuz message to the Iranian people. Although Brazilian officials are mindful of sensitivities regarding Iran's defiance of international calls for transparency in its nuclear ambitions and maintain a cautious approach with Iran -- a fact underscored by the low-key nature of Mottaki's visit -- Brazil intends to move forward with building ties to Iran -- stopping short of building a strategic relationship, as Iran desires -- as part of its broader strategy to increase its presence in the Middle East (septel). End summary.

A Preview for Ahmadinejad Visit

12. (C) Iranian Foreign Minister Mottaki's visit to Brasilia represented the first such visit by an Iranian FM in 16 years and reciprocated FM Amorim's visit to Tehran, the first such visit by a Brazilian FM in 17 years. The visits come on the heels of a series of high-level meetings that have taken place over the past several years, including visits to Brasilia by the Deputy Foreign Minister Sheikh Attar in 2008, Supreme Council for National Security member Nahavandian's visit in 2007. There have also been political talks at the Undersecretary level in 2008 and 2007.

13. (C) In an April 8 meeting with Charge d'Affaires Lisa Kubiske, Itamaraty Undersecretary for Political Affairs II Roberto Jaguaribe, confirmed press reports that a presidential-level meeting would happen sometime before Iran's June elections, though Jaguaribe noted that both sides were still working on dates. Jaguaribe noted that a stopover visit en route to Venezuela or other countries in Latin America would not work for Brazil (Comment: Brazil is conscious that Venezuela and Iran have a strategic

relationship. Brazil likely prefers to avoid the impression that it is part of Iran's Latin American support network. End comment.) Jaguaribe said he expects the themes of a presidential meeting will be focused on bilateral issues primarily, but concedes that other "sensitive" issues inevitably will be raised. He added that this growing level of engagement with Iran has gained Brazil credibility with the Iranians, which, according to Jaguaribe, enhances Brazil's ability to facilitate dialogue between Iran and other parties.

¶4. (C) In a separate meeting April 14 with Secretary Carlos Leopoldo Goncalves de Oliveira, the Iran desk officer at Itamaraty's Middle East Division II, poloff asked de Oliveira about a possible Ahmadinejad visit and he reiterated Jaguaribe's comments from the week before that both sides were working on a meeting but that no dates had been set. But when asked if Ahmadinejad could stop in Brazil on the way to Venezuela, as press reports were indicating he might do around May 5, de Oliveira seemed to back away from that stance, and noted that a stop in Brasilia could be a possibility, although it would not be Brazil's preference. On May 15, Folha de Sao Paulo reported that Ahmadinejad would visit Brasilia, probably May 5-6, accompanied by about 100 person delegation from various sectors of the Iranian government and the private sector. According to the Folha article, citing unnamed Brazilian diplomats, after President Obama's recent conciliatory gestures towards Iran, President Lula judges that such a visit holds less downside risk for Brazil on the global stage.

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Amorim to Mottaki: You Have Lost Credibility

¶5. (C) Jaguaribe described the Mottaki visit as covering the "usual" bilateral topics, but acknowledged that some more sensitive subjects were discussed as well. Trade was a significant focus of the visit for Brazil, since "we export a lot more than we import," even if trade with Iran declined last year, mostly as a result of Iran's "credit problems". Iran represents one of Brazil's largest Middle East markets, accounting for about 30 percent of exports to that region or USD 1.8 billion in 2007. In 2008, that figure dropped sharply to USD 1.1 billion and Iran's share of Brazilian exports to the Middle East fell to 15 percent. However, according to de Oliveira, trade did not actually drop 40 percent, but "more like 15-20 percent". Due to the global financial crisis, de Oliveira noted, Iranian importers had difficulty obtaining letters of credit, so Brazilian exports to Iran were going instead to Bahrain where they were then exported to Iran. (Note: in 2008, Bahrain registered a 250 percent increase in imports from Brazil over 2007, to USD 292 million, after several years of decline. End note.) According to de Oliveira, most of the increase in exports to Bahrain was related to Iran, and not because of increased trade with Bahrain.

¶6. (C) Jaguaribe said that Iran's nuclear program was raised, despite public claims by Foreign Minister Amorim that the issue was not discussed. Amorim made clear to Mottaki that Brazil would maintain its traditional posture of supporting Iran's right to develop peaceful nuclear energy. While Brazil had not supported bringing the matter of the Iranian nuclear program before the UNSC, Amorim stressed to Mottaki that Iran had to comply with UNSC resolutions, now that the international community had decided on that approach. According to Jaguaribe, Amorim told Mottaki that Iran had lost credibility in the international stage on this issue, and compared Iran's situation with a person who takes a hit on his credit rating after failing to make payments on his credit card. Iran would have to undergo a period with a low credit score until it can regain the trust of the international community.

¶7. (C) The new U.S. administration was also a topic of discussion, according to Jaguaribe. Amorim strongly encouraged Iran to respond positively to President Obama's Norwuz message. Jaguaribe reported that Mottaki responded cautiously that the United States would have to follow its words with concrete actions.

¶8. (C) Jaguaribe heaped praise on President Obama's message, noting that it was exactly the right signal to send to the Iranians and that its nods of praise for Iran's history and achievements struck the right chords. Jaguaribe added the message puts the ball in Iran's court and that it is incumbent on them to respond to it. Jaguaribe observed that Brazil sees engagement, rather than confrontation, as a more powerful tool with regimes like Iran, because it weakens the hardliners within the regime.

¶9. (C) De Oliveira, who accompanied Amorim on his November 2008 to Tehran, offered his "personal view" that, as a face-saving culture, Iranian leaders will not dial down their anti-American rhetoric even after President Obama's overtures. Furthermore, Iran's nuclear program is a matter of national honor that it cannot back away from, but it might be sufficient for Iran to say that it mastered the nuclear fuel cycle, thereby proving that it could develop its own nuclear weapons while stopping short of building them.

Factoring U.S. Views on Petrobras Investment Decisions

¶10. (C) Mottaki also met with Minister of Mines and Energy (MME) Edison Lobao. Daniel Lins, Deputy in MRE's Non-renewable Energy Department, who attended the meeting, confirmed to econoff MME's readout (ref a) that the meeting

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was filled with "diplomatic pleasantries with no concrete steps taken in any direction." According to Lins, the discussion consisted almost entirely of a general exchange of information regarding energy activities currently being undertaken by each side. The only specific item discussed was the invitation for Lobao to go to Iran. Given prior reports that Minister Lobao indicated during the meeting that the service provider contract required by Iran was a primary obstacle to Petrobras taking on any additional activities there, econoff probed as to whether a change in these operating conditions would alter Petrobras' intentions not to engage further in Iran. Lins would only note that, while Brazil has a genuine desire to be fair with Iran, there is a lot of respect within the GOB for the Brazilian relationship with the United States. He believed this would be a factor in everyone's minds when making any decisions over engagement with Iran and that he didn't see Brazil making any radical changes in its current policies.

Brazil's Relationship with Iran: Normal, Not Strategic

¶11. (C) According to de Oliveira, Brazil's efforts to build ties to Iran have to be seen in the broader context of Brazil's strategic outreach to the Middle East region. De Oliveira noted that Brazil was "in deficit" with two countries in the region in terms of their diplomatic relations, Iran and Iraq. For obvious reasons, he observed, the "deficit" with Iraq would remain for a while longer, although Brazil is moving towards re-opening its Embassy there and, he added, has already rented a building in Baghdad. On Iran, he observed, Brazil does not face the same obstacles. De Oliveira emphasized, however, that Brazil is not looking to reciprocate Iran's desire to forge a strategic

relationship with Brazil. Brazil is only looking to have a "normal" relationship similar to what it has with other countries of Iran's size and influence, and with which Brazil has significant trade. Brazil is aware that Iran hopes to bring its relationship with Brazil to the level that Iran has with Venezuela, but Brazil has no interest in that.

Comment: Engage Brazil as Brazil Engages Iran

¶ 12. (C) Brazil and Iran appear equally determined to raise the level of their mutual engagement. Brazil is maintaining a cautious approach, however, and will not take a risk of being ostracized in order to expand relations with Iran. Since President Lula's unfortunate and factually incorrect defense of the transparency of Iran's nuclear program in September of 2007 (ref b), Brazilian officials have avoided any polemical statements on Iran, and Petrobras remains firm that it will not expand its investments there--two signs that Brazil is sensitive to international concerns over Iran's behavior. On the other hand, Brazil is unlikely to go beyond the clearcut international consensus in addressing Iran's nuclear program. Even then, Brazil will handle any sensitive discussions in private and cannot be expected to openly criticize Iran absent a clearer Iranian provocation. But as evidenced from Jaguaribe's version of the conversations between Mottaki and Amorim, Brazil is willing to deliver a message to Iran that dovetails with U.S. interests. Therefore, engagement with the GOB on Iran offers the opportunity to strengthen Brazil's message prior to any further high level meetings.

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